Manitoba Employee Pensions and Other Costs

Annual Report 2012-2013

Manitoba

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

His Honour the Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba
R3C 0V8

May it Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report covering Manitoba Employee Pensions and Other Costs for the fiscal year ending March 31, 2013.

Respectfully submitted,

"Original signed by"

Honourable Stan Struthers
Minister of Finance

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

Son Honneur l'honorable Philip S. Lee
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba)
R3C 0V8

Votre Honneur,

J'ai le privilège de vous présenter le rapport annuel sur le régime de retraite de la fonction publique du Manitoba, et autres frais, pour l'exercice se terminant le 31 mars 2013.

Veuillez agréer, Votre Honneur,
l'expression de mes sentiments respectueux,

"Original signed by"

Stan Struthers,
ministre des Finances

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Introduction

Report Structure

The Annual Report is organized in accordance with the departmental appropriation structure, which reflects the department's authorized vote approved by the Legislative Assembly. The report includes information at the main and sub-appropriation levels, including program descriptions, financial performance and variances, as well as a five-year historical table detailing departmental expenditures.

Overview

The benefits administration program area of Labour Relations Services, Treasury Board Secretariat, is responsible for providing central administrative services to government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and personnel policies. Negotiated plans include the Ambulance and Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drug and Long Term Disability plans as well as the Health Spending Account.

Introduction

Structure du rapport

La structure du rapport annuel est conforme à la présentation des affectations de crédits ministériels, laquelle correspond aux crédits autorisés par l'Assemblée législative pour chaque ministère. Le rapport présente des renseignements relatifs aux crédits et aux sous-crédits, y compris la description de programmes, la performance financière et les écarts, ainsi qu'un tableau récapitulatif quinquennal des dépenses ministérielles.

Vue d'ensemble

Au sein du Service des relations du travail (Secrétariat du Conseil du Trésor), la section d'administration des prestations assume la gestion centrale de différents régimes d'assurance et programmes de prestations, à l'échelle de l'ensemble de la fonction publique du Manitoba, conformément aux diverses conventions collectives, mesures législatives et politiques applicables au personnel gouvernemental. Divers régimes ont résulté des négociations entreprises, y compris le régime d'assurance prévoyant le transport par ambulance et l'hospitalisation dans une chambre à deux lits, le régime d'assurance dentaire, le régime de soins de la vue, le programme de remboursement des médicaments délivrés sur ordonnance et le régime d'assurance-invalidité de longue durée, ainsi que le Compte gestion-santé.

The branch manages the payment and recovery of Workers Compensation from government departments and certain agencies and compiles financial information for statutory benefit and insurance programs including the Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance, Employment Insurance and the Levy for Health and Post-Secondary Education.

There are two benefit categories:

1) Non-Recoverable, including Superannuation, Workers Compensation (central costs) and other salary related benefits; and

2) Recoverable, including Canada Pension Plan, Employment Insurance, Civil Service Group Life Insurance, Workers Compensation (departmental costs), Dental, Long Term Disability, Ambulance and Hospital Semi-Private, Vision Care and Prescription Drug Plans and the Health Spending Account, as well as the Levy for Health and Post-Secondary Education. All costs for recoverable benefits incurred by Employee Pensions and Other Costs are recovered from departments based on either actual salaries paid to employees or on the actual benefit premium paid. Within the recoverable category, benefits can also be divided into two classifications: external, premium-based and self-insured.

La section voit au versement des indemnités de la Commission des accidents du travail et à la récupération de ces sommes auprès des ministères et organismes concernés; elle compile également les renseignements financiers se rapportant aux régimes d'assurance et programmes de prestations couverts par des crédits législatifs, dont le régime de retraite de la fonction publique, le Régime de pensions du Canada, l'assurance-vie collective de la fonction publique, le régime d'assurance-emploi et l'impôt destiné aux services de santé et à l'enseignement postsecondaire.

Il existe deux catégories de prestations:

1) Les prestations dont les coûts sont non récupérables, y compris celles relatives au régime de retraite de la fonction publique, à la Commission des accidents du travail (coûts centraux), et aux autres avantages salariaux.

2) Les prestations dont les coûts sont récupérables, y compris celles relatives au Régime de pensions du Canada, au régime d'assurance-emploi, à l'assurance-vie collective de la fonction publique, à la Commission des accidents du travail (coûts ministériels), au régime d'assurance dentaire, au régime d'assurance-invalidité de longue durée, au régime d'assurance prévoyant le transport par ambulance et l'hospitalisation dans une chambre à deux lits, au régime de soins de la vue, au programme de remboursement des médicaments délivrés sur ordonnance, au Compte gestion-santé et à l'impôt destiné aux services de santé et à l'enseignement postsecondaire. Dans cette catégorie, les sommes engagées au chapitre du régime de retraite de la fonction publique

(et autres frais) sont récupérées par la section auprès des ministères concernés, en prenant comme point de départ le montant des salaires réels ou le montant des prestations réelles. (Les prestations de cette catégorie peuvent également être classées de la façon suivante: externes, basées sur les primes et autoassurées.)

PART I
Employee Pensions and Other Costs

Employee Pensions and Other Costs

A. Non-Recoverable Benefits

Civil Service Superannuation Plan

The Civil Service Superannuation Plan provides funding for the employer's share of current service contributions and other costs associated with administration of the plan.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1a Civil Service Superannuation Plan				
(1) Pension Related Costs	63,498	64,642	(1,144)	
(2) Less: Recoveries	(56,002)	(56,579)	577	
Total Sub-Appropriation	7,496	8,063	(567)	1

1. *The net decrease in the Civil Service Superannuation Plan in 2012/13 mainly reflects an over-estimation of the current service contributions and other pension related costs.*

Other Salary Related Benefits

This sub-appropriation provides funding for recording of the annual change in the liabilities for severance, vacation and overtime entitlements for employees who have met the service requirements stated in the collective agreement and are still members of the civil service. The liability associated with employees receiving long term disability and workers compensation benefits is also included.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1b Other Salary Related Benefits	7,504	8,855	(1,351)	1

1. *The variance in Other Salary Related Benefits mainly reflects decreases in the Workers Compensation, Vacation and Overtime Liabilities.*

Workers Compensation Board

The Workers Compensation Board (WCB) provides funding for the annual payments to government employees injured at work as assessed by the WCB as well as fees paid to WCB for administration of the compensation plan. The annual payments are recovered from other departments in respect of their employees.

The province is self-insured with respect to Workers Compensation payments, although the WCB provides administrative and assessment services.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1c Workers Compensation Board				
(1) Assessments	5,623	7,275	(1,652)	
(2) Less: Recoveries	(5,623)	(7,260)	1,637	
Total Sub-Appropriation	0	15	(15)	

B. Recoverable Benefits

Canada Pension Plan

This sub-appropriation provides for the employer's matching contribution as required under *The Canada Pension Plan Act* for all eligible civil servants.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1d Canada Pension Plan	35,569	38,002	(2,433)	

Employment Insurance Plan

The Employment Insurance (EI) Plan provides for the employer's share of premiums as required under *The Employment Insurance Act* for all civil servants.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1e Employment Insurance Plan	17,605	18,940	(1,335)	

Civil Service Group Life Insurance

The Civil Service Group Life Insurance plan provides for the government's share (one-third) of payments under *The Public Servants Insurance Act* which includes basic insurance coverage, as well as group life and accidental death and disablement insurance, for all eligible civil servants.

Life insurance is provided to employees at a rate of up to five times their annual salary, to a maximum of $1 million. The employer contribution is 27.5% of the first four multiples only (employee funds 100% of the fifth multiple). Accidental death and disablement insurance is 100% employer paid and is based on the employee's annual salary multiplied by class (1 to 5), as selected under the life insurance plan, up to a specified maximum.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1f Civil Service Group Life Insurance	2,260	2,295	(35)	

Dental Plan

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Dental Plan provides coverage for basic and major restorative dentistry to all eligible civil servants and their dependants, where applicable. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

The plan pays for eligible dental care expenses, to a specified maximum, for both full-time and part-time employees. The annual maximum for basic dentistry is $1,475.00 and the orthodontic lifetime maximum is $1,675.00 for full-time employees. Coverage for part-time employees is based on 50% of the coverage amounts applicable for full-time employees and up to 50% of the maximum.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1g Dental Plan	8,523	8,430	93	

Vision Care

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Vision Care Plan provides coverage for prescription lenses and eye examinations for eligible civil servants and their dependants, where applicable. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

Full-time employees are reimbursed 80% for eligible vision care expenses, to a maximum of $275.00 while part-time employees are reimbursed 80% for eligible expenses, to a maximum of $137.50 every twenty-four month period from the previous actual purchase date.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1h Vision Care	1,500	1,399	101	

Prescription Drug Plan

As negotiated through collective bargaining agreements or as provided in the regulations under *The Civil Service Act*, the Prescription Drug Plan provides coverage for eligible drugs or medicines including serums, injectibles, and insulin, which are sold on the written prescription of a medical practitioner and dispensed by a licensed pharmacist for eligible civil servants and their families. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

Full-time employees are reimbursed 80% for eligible expenses, to a maximum of $750.00 per family per calendar year, while part-time employees are reimbursed 80% for eligible expenses, to a maximum of $375.00 per family per calendar year.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1i Prescription Drug Plan	3,548	3,821	(273)	

Ambulance and Hospital Semi-Private Plan

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Supplementary Health Plan provides for an Ambulance and Hospital Semi-Private Plan to all eligible civil servants. Premium payments to the plan carrier (Manitoba Blue Cross) are made, based on the number of eligible employees. Full-time employees and part-time employees are eligible for coverage, although part-time employees are eligible for single coverage only. Premium payments to the plan carrier are 100% employer paid. Part-time employees may elect to increase their coverage to include family members by paying the difference between the family premium and single premium through voluntary payroll deductions. Effective February 1, 2012, premium rates decreased from $10.40 to $9.10 for single coverage and from $21.58 to $18.72 for family coverage.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1j Ambulance and Hospital Semi-Private Plan	218	207	11	

Long Term Disability (LTD) Plan

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the LTD Plan provides partial income protection to eligible full-time and part-time employees. The province is self-insured with the plan carrier (Great-West Life) being reimbursed for payments made to government employees under the plan as well as administrative fees and expenses.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1k Long Term Disability Plan	5,439	5,464	(25)	

Levy for Health and Post-Secondary Education

This sub-appropriation provides for the province's payment as required by *The Health and Post-Secondary Education Tax Levy Act*.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1l Levy for Health and Post-Secondary Education	21,227	22,162	(935)	

Health Spending Account

As negotiated under the Manitoba Government Employees Union agreement, the Health Spending Account allows employees to claim costs up to $400.00 for full-time employees and $200.00 for part-time employees per year (per family) where the annual maximum claim limit associated with other benefit plans has been exceeded. This plan is 100% employer funded.

Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1m Health Spending Account	3,280	3,924	(644)	1

1. *Costs associated with the Health Spending Account were below budget due to lower than anticipated costs associated with claims activity.*

C. Recovery from Other Appropriations

This account provides for the recovery of the cost of the various employee benefits plans and related overhead charges from other departments, as described in Section B – Recoverable Benefits.

	Expenditures by Sub-Appropriation	Actual 2012/13 $(000s)	Estimate 2012/13 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1n	Recoverable from Other Appropriations	(102,727)	(104,644)	1,917	

PART II
Financial Information

Part A - Operating Expenditure
Employee Pensions and Other Costs
Reconciliation Statement

$(000s)

DETAILS	2012-13 ESTIMATES
2012-13 MAIN ESTIMATES	16,933
2012-13 ESTIMATE	16,933

Employee Pensions and Other Costs
Expenditure Summary
for the fiscal year ended March 31, 2013 with comparative figures for the previous fiscal year
$(000s)

Estimate 2012-13		Sub-Appropriation	Actual 2012-13	Actual 2011-12	Increase / (Decrease)	Expl. No.
	06-1a	Civil Service Superannuation Plan				
64,642		(1) Pension Related Costs	63,498	55,991	7,507	
(56,579)		(2) Less: Recoveries	(56,002)	(48,729)	(7,273)	
$ 8,063		**Subtotal (a)**	**$ 7,496**	**$ 7,262**	**$ 234**	1
8,855	06-1b	Other Salary Related Benefits	7,504	6,648	856	2
	06-1c	Workers Compensation Board				
7,275		(1) Assessments	5,623	6,134	(511)	
(7,260)		(2) Less: Recoveries	(5,623)	(6,134)	511	
$ 15		**Subtotal (c)**	**$ 0**	**$ 0**	**$ 0**	
38,002	06-1d	Canada Pension Plan	35,569	34,940	629	
18,940	06-1e	Employment Insurance Plan	17,605	17,075	530	
2,295	06-1f	Civil Service Group Life Insurance	2,260	2,189	71	
8,430	06-1g	Dental Plan	8,523	7,900	623	
1,399	06-1h	Vision Care	1,500	1,196	304	3
3,821	06-1i	Prescription Drug Plan	3,548	3,414	134	
207	06-1j	Ambulance & Hospital Semi-Private Plan	218	231	(13)	
5,464	06-1k	Long Term Disability Plan	5,439	5,706	(267)	
22,162	06-1l	Levy for Health & Post-Secondary Education	21,227	21,168	59	
3,924	06-1m	Health Spending Account	3,280	2,512	768	4
$ 104,644		**Subtotal (d) to (m)**	**$ 99,169**	**$ 96,331**	**$ 2,838**	
(104,644)	06-1n	Recoverable from Other Appropriations	(102,727)	(100,496)	(2,231)	5
$ 16,933	**06**	**TOTALS**	**$ 11,442**	**$ 9,745**	**$ 1,697**	

Explanations:

1. The variance for the Civil Service Superannuation Plan primarily reflects an increase to current service contributions.

2. The variance in Other Salary Related Benefits in 2012/13 mainly reflects an increase in the long term disability, workers compensation and other leaves liability partially offset by a decrease in the severance, vacation and overtime liability.

Employee Pensions and Other Costs
Expenditures by Sub-Appropriation
for the fiscal year ended March 31, 2011

Explanations: (continued)

3. The increase in Vision Care from 2011/12 is primarily the result of plan growth/demand and increases in the claim maximums (from $225.00 to $275.00 for full-time employees and from $112.50 to $137.50 for part-time employees).

4. The increase in the Health Spending Account from 2011/12 is primarily the result of plan growth/demand and increases to the claim maximums (from $350.00 to $400 for full-time employees and from $175.00 to $200.00 for part-time employees).

5. The increase in Recoverable from Other Appropriations from 2011/12 is primarily the result of higher payroll benefit costs than the prior year.

PART III
Historical Information

Employee Pensions and Other Costs
Five Year Expenditure Summary
For the fiscal years ending March 31, 2009 to March 31, 2013
$(000s)

	Benefit Plan	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
06-1a	Civil Service Superannuation Plan [1]	70,232	6,641	7,777	7,262	7,496
06-1b	Other Salary Related Benefits	18,242	5,761	5,144	6,648	7,504
06-1c	Workers Compensation Board	2	1	0	0	0
06-1d	Canada Pension Plan	32,034	32,588	34,033	34,940	35,569
06-1e	Employment Insurance Plan	15,139	15,286	16,192	17,075	17,605
06-1f	Civil Service Group Life Insurance	2,056	2,156	2,174	2,189	2,260
06-1g	Dental Plan	7,895	7,953	8,005	7,900	8,523
06-1h	Vision Care	1,257	1,243	1,205	1,196	1,500
06-1i	Prescription Drug Plan	3,293	3,312	3,405	3,414	3,548
06-1j	Ambulance & Hospital Semi-Private Plan	204	214	228	231	218
06-1k	Long Term Disability Plan	4,796	5,054	4,829	5,706	5,439
06-1l	Levy for Health & Post-Secondary Education	19,510	20,620	20,761	21,168	21,227
06-1m	Health Spending Account	2,471	2,262	2,559	2,512	3,280
	Subtotal (d) to (m)	**88,655**	**90,688**	**93,391**	**96,331**	**99,169**
06-1n	Recoverable from Other Appropriations	(91,733)	(95,032)	(97,597)	(100,496)	(102,727)
06	**TOTALS**	**85,398**	**8,059**	**8,715**	**9,745**	**11,442**

1. *In 2008/09 there was a change to extend current service pension contributions to all employees and in 2009/10 current service contributions were allocated to departmental appropriations to better reflect the actual cost of services. Prior years have not been restated.*